

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

**February 21, 2007**

**CONSIDERATION AND ADOPTION OF THE APPORTIONMENT OF THE 2007 STATE  
CEILING AMONG THE STATE CEILING POOLS**

**(Agenda Item No. 5.)**

**ACTION:**

Establish the amounts for each of the State Ceiling Pools for the 2007 program year in accordance with Section 4. II. of the Committee's Procedures Implementing the Allocation of the State or Committee Ceiling on Qualified Private Activity Bonds.

**BACKGROUND:**

California's population as recently reported by the U.S. Census Bureau is 36,457,549, resulting in a State Ceiling for 2007 of \$3,098,891,665.

In accordance with the Procedures, at the beginning of each calendar year the Committee must establish and announce the amounts the Committee expects to be apportioned to each of the State Ceiling Pools and the amounts that are expected to be available in each of the allocation rounds for the 2007 year. In establishing the amounts for the pools, the Committee may consider the past year's results and legislative priorities.

The Committee continues to have legislative priorities to:

1. Promote housing for lower income families and individuals;
2. Preserve and rehabilitate existing governmental assisted housing for lower income families and individuals; and
3. Provide mortgage tax credits or reduced interest rate mortgages to assist teachers, principals, vice principals, assistant principals, and classified employees who are willing to serve in high priority schools to purchase a home.

To see past year's results, please see attached Exhibit A, Comparison of 2006 Pool Reservations and Proposed 2007 Pool Reservations.

**DISCUSSION:**

In making recommendations for 2007 pool amounts, staff surveyed key issuers to determine their estimated demand. The following list estimates demand and recommends the amount for each program pool:

Although staff has spoken with the major issuers for **Rental Projects**, it is difficult to determine the pipeline of demand for multi-family projects. Large and repeat program applicants anticipate demand on par with last year.

Staff recommends for the General Pool \$1,305,891,665 in 2007. Based on last years activity, staff recommends \$300 million for the Mixed Income Pool, and \$135 million for the Rural Project Pool.

At the end of the year if Rental Pool bond authority remains unallocated, or the Committee elects to transfer additional allocation to the Rental Pool, the Committee may then consider **Redevelopment Agency Housing Set-Aside Program** applications. Therefore, no allocation is recommended for the Housing Set-Aside Pool at this time.

Staff recommends setting the **Single Family Program Pool** at \$640 million. The major addition to this Pool is the CALVet single family housing program. HR 6111 approved on December 8, 2006 allows California Veterans for calendar year 2007 and prior to January 1, 2008 expanded program eligibility. During this one year window California Veterans are not required to be first time homebuyers and program eligibility is expanded to include all California Veterans with war time service. Prior to this eligibility expansion California Veteran eligibility was limited to Veterans that had war time service prior to 1977. Due to the increased Veteran program demand staff recommends \$140 million in allocation for the CALVet single family program. To accommodate the new Veteran's allocation staff is recommending the following allocation distribution for the remainder of the Single Family Program Pool. CalHFA \$310 million a reduction of \$60 million from their 2006 allocation. The Locals Single Family Pool of \$140 million and a Single Family Pool Bonus Allocation of \$50 million. The Bonus Pool will be allocated by the Committee based on Single Family program demand. The Extra Credit Teacher Program (ECTP) will not receive a 2007 allocation because that program has \$96,807,305 remaining from 2005 allocation and \$110 million remaining from 2006 allocation for a total allocation available for the Extra Credit Teachers Program of \$206,807,305. CalHFA the ECTP program administrator will continue to actively market that program with the existing allocation.

In 2006, **Industrial Development Bond** (IDB) demand totaled just over \$26 million. CIDFAC and the California I-Bank indicate that for 2007 IDB demand totals approximately \$100 million due to the change in tax law increasing the capital expenditure limit from \$10 million to \$20 million. This estimated demand amount includes both the Small Business Program (\$8 million) and the core IDB program (\$60 million). Therefore, staff is recommending \$68 million in allocation for the IDB pool. This recommendation has been discussed with and agreed to by CIDFAC and the California I-Bank staff.

In 2006, the **Exempt Facility Pool** amount was approximately \$396 million and allocations totaled over \$289 million in bond authority. CPCFA staff and the financial advisors working on Exempt Facility projects indicate that they expect high usage of bond authority in 2007. The 2007 pipeline for First Tier projects is \$500 million and Non-First Tier projects is approximately \$200 million. Staff anticipates that Exempt Facility demand for allocation will be greater than anticipated allocation. Therefore, staff recommends \$440 million bond authority for the Exempt Facility Pool and if usage of allocation is less than anticipated in other program areas, Exempt Facility projects may receive allocation later in the year. This recommendation has been discussed with and agreed to by CPCFA staff.

Staff is expecting the return of All Student Loan and Educational Financing Services, Inc. for allocation from the **Student Loan Program Pool** this year. This pool is competitive and it is anticipated that demand will exceed allocation. Staff recommends \$210,000,000 in the Student Loan Program Pool.

**RECOMMENDATIONS:**

**Reservation amounts for the State Ceiling Pools:**

Staff recommends reservation amounts that reflect the statutory emphasis on affordable housing. Staff recommends the following amounts for each of the State Ceiling Pools for 2007 (please see Exhibit A for more detailed information):

| <b><u>State Ceiling Pool</u></b>                       | <b><u>Reservation</u></b>     | <b><u>Percent of Ceiling*</u></b> | <b><u>2006 Reservation</u></b> |
|--|-------------------------------|-----------------------------------|--------------------------------|
| <b>Qualified Residential Rental Project Pool</b>       | \$ 1,305,891,665              | 42.1%                             | \$1,200,000,000                |
| <b>Mixed Income Pool</b>                               | 300,000,000                   | 9.7%                              | 300,000,000                    |
| <b>Rural Project Pool</b>                              | 135,000,000                   | 4.4%                              | 135,000,000                    |
| <i>Sub-Total – Multifamily Projects</i>                | <b><i>\$1,740,891,665</i></b> | <b><i>56.2 %</i></b>              | <b><i>\$1,635,000,000</i></b>  |
| <b>Single-Family Housing Program Pool</b>              | \$ 590,000,000                | 19.1%                             | \$500,000,000                  |
| <b>Single-Family Housing Program Bonus Pool</b>        | \$50,000,000                  | <b>1.6%</b>                       | <u>0</u>                       |
| <i>Sub-Total – Single-Family Programs</i>              | <b><i>\$640,000,000</i></b>   | <b><i>20.7%</i></b>               | <b><i>\$500,000,000</i></b>    |
| <b>Teacher Home Purchase Program Pool</b>              | (\$206,807,305)               |                                   | \$110,000,000                  |
| <i>Housing Total</i>                                   | <b><i>\$2,380,891,665</i></b> | <b><i>76.8%</i></b>               | <b><i>\$2,245,000,000</i></b>  |
| <b>Small-Issue Industrial Development Project Pool</b> | \$ 60,000,000                 | 1.9%                              | \$25,000,000                   |
| <b>IDB Small Business Program</b>                      | 8,000,000                     | 0.3%                              | 15,000,000                     |
| <i>Sub-Total – Small-Issue Industrial Development</i>  | <b><i>\$68,000,000</i></b>    | <b><i>2.2%</i></b>                | <b><i>\$40,000,000</i></b>     |
| <b>Exempt Facility Project Pool</b>                    | \$440,000,000                 | 14.2%                             | \$395,571,760                  |
| <b>Student Loan Program Pool</b>                       | \$210,000,000                 | 6.8%                              | 210,000,000                    |
| <i>Non-Housing Total</i>                               | <b><i>\$ 718,000,000</i></b>  | <b><i>23.2%</i></b>               | <b><i>605,571,760</i></b>      |
| <b>GRAND TOTAL</b>                                     | <b>\$3,098,891,665</b>        | <b>100.0%</b>                     | <b>\$2,890,571,760</b>         |

\*Percentages are rounded.

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

EXHIBIT A  
Agenda Item No. 5.  
February 21, 2007

**COMPARISON OF 2006 RESERVATIONS BY PROGRAM POOL AND PROPOSED 2007 STATE CEILING AND POOLS**

**2006 RESERVATIONS BY PROGRAM POOL:**

|                                | <u>Initial Reservations</u> | Initial % of Cap* | <u>Final Reservations</u> | Final % of Cap* |
|--------------------------------|-----------------------------|-------------------|---------------------------|-----------------|
| <b>HOUSING</b>                 |                             |                   |                           |                 |
| Multifamily-General            | \$1,200,000,000             | 41.5%             | \$1,206,746,540           | 41.7%           |
| Multifamily-Mixed              | 300,000,000                 | 10.4%             | \$295,280,000             | 10.2%           |
| Multifamily-Rural              | <u>135,000,000</u>          | <u>4.7%</u>       | <u>\$98,104,503</u>       | <u>3.4%</u>     |
| Multifamily Projects Subtotal: | \$1,635,000,000             | 56.6%             | \$1,600,131,043           | 55.4%           |
| Reserve Amt.- RDA Set Aside    | <u>\$0</u>                  | 0.0%              | <u>\$0</u>                | 0.0%            |
| Multifamily Subtotal:          | \$1,635,000,000             | 56.6%             | \$1,600,131,043           | 55.4%           |
| Single-Family-CalHFA           | \$250,000,000               | 8.6%              | \$250,000,000             | 8.6%            |
| Single-Family-Locals           | 250,000,000                 | 8.6%              | \$139,751,988             | 4.8%            |
| Single-Family-CalVET           |                             |                   |                           |                 |
| Single-Family-Bonus            | <u>0</u>                    | <u>0.0%</u>       | <u>0</u>                  | <u>0.0%</u>     |
| Single-Family Subt:*           | \$500,000,000               | 17.3%             | \$389,751,988             | 13.5%           |
| Extra Credit Program           | <u>\$110,000,000</u>        | 3.8%              | <u>\$110,000,000</u>      | <u>3.8%</u>     |
| <b>Housing Total:</b>          | <b>\$2,245,000,000</b>      | <b>77.7%</b>      | <b>\$2,099,883,031</b>    | <b>72.6%</b>    |
| <b>NON-HOUSING</b>             |                             |                   |                           |                 |
| Industrial Dvlpmnt             | \$25,000,000                | 0.9%              | \$26,463,000              | 0.9%            |
| Small Business Program         | \$15,000,000                | 0.5%              | \$6,300,000               | 0.2%            |
| Exempt Facility                | 395,571,760                 | 13.7%             | \$289,300,000             | 10.0%           |
| Student Loan                   | <u>210,000,000</u>          | 7.3%              | <u>\$210,000,000</u>      | <u>7.3%</u>     |
| <b>Non-Housing Total:</b>      | <b>\$645,571,760</b>        | <b>22.3%</b>      | <b>\$532,063,000</b>      | <b>18.4%</b>    |
| **Carryforward to CalHFA       | \$0                         | 0.0%              | \$258,625,729             | <u>8.9%</u>     |
| <b>GRAND TOTAL</b>             | <b>\$2,890,571,760</b>      | <b>100.0%</b>     | <b>\$2,890,571,760</b>    | <b>100.0%</b>   |

**2007 PROPOSED RESERVATIONS BY PROGRAM POOL:**

|                                       | <u>Proposed 2007 Ceiling Pool Reservations</u> | % of Cap*     | <u>Amount Difference from 2006 Final Reservations</u> |
|---------------------------------------|--|---------------|---|
| <b>HOUSING</b>                        |  |               |   |
| Multifamily-General                   | \$1,305,891,665                                | 42.1%         | \$99,145,125  |
| Multifamily-Mixed                     | 300,000,000                                    | 9.7%          | 4,720,000   |
| Multifamily-Rural                     | <u>135,000,000</u>                             | <u>4.4%</u>   | <u>36,895,497</u>                                     |
| <b>Multifamily Projects Subtotal:</b> | <b>\$1,740,891,665</b>                         | <b>56.2%</b>  | <b>\$140,760,622</b>                                  |
| Reserve Amt.- RDA Set Aside           | <u>\$0</u>                                     | <u>0.0%</u>   | <u>\$0</u>  |
| Multifamily Subtotal:                 | \$1,740,891,665                                | 56.2%         | \$140,760,622   |
| Single-Family-CalHFA                  | \$310,000,000                                  | 10.0%         | \$60,000,000  |
| Single-Family-Locals                  | 140,000,000                                    | 4.5%          | 248,012   |
| Single-Family-CalVET                  | 140,000,000                                    | 4.5%          | \$140,000,000   |
| Single-Family-Bonus                   | <u>50,000,000</u>                              | <u>1.6%</u>   | <u>0</u>  |
| <b>Single-Family Subt:</b>            | <b>\$640,000,000</b>                           | <b>20.7%</b>  | <b>\$200,248,012</b>                                  |
| Extra Credit Program                  | *  | <u>0.0%</u>   |   |
| <b>Housing Total:</b>                 | <b>\$2,380,891,665</b>                         | <b>76.8%</b>  | <b>\$341,008,634</b>                                  |
| <b>NON-HOUSING</b>                    |  |               |   |
| Industrial Dvlpmnt                    | \$60,000,000                                   | 1.9%          | \$33,537,000  |
| Small Business Program                | 8,000,000                                      | 0.3%          | \$1,700,000   |
| Exempt Facility                       | 440,000,000                                    | 14.2%         | 150,700,000   |
| Student Loan                          | <u>210,000,000</u>                             | <u>6.8%</u>   | <u>0</u>  |
| <b>Non-Housing Total:</b>             | <b>\$718,000,000</b>                           | <b>23.2%</b>  | <b>\$185,937,000</b>                                  |
| <b>GRAND TOTAL:</b>                   | <b>\$3,098,891,665</b>                         | <b>100.0%</b> | <b>\$208,319,905</b>                                  |

\* Percentages are rounded.

\*\* On December 13, 2006, the Committee approved the transfer and award, on a carryforward basis, of the allocation that is available on December 31, 2006 to the Single Family Housing Program Pool for the CA Housing Finance Agency.

|  |       |                      |
|--|-------|----------------------|
| * Allocation available for Extra Credit Program= | 2005  | \$96,807,305         |
|  | 2006  | <u>\$110,000,000</u> |
|  | Total | \$206,807,305        |

**PRELIMINARY**  
**2007 COUNTY FAIR SHARE AMOUNTS FOR**  
**LOCAL ISSUERS OF SINGLE-FAMILY HOUSING PROGRAMS**

|                       | <b>2006</b>       | <b>COUNTY %</b>     | <b>2007</b>          |
|-----------------------|-------------------|---------------------|----------------------|
| <b>COUNTY</b>         | <b>COUNTY</b>     | <b>OF STATE</b>     | <b>COUNTY FAIR</b>   |
| <u>COUNTY</u>         | <u>POPULATION</u> | <u>POPULATION</u>   | <u>SHARE AMOUNTS</u> |
| <b>CALIFORNIA</b>     | <b>37,444,385</b> | <b>100.0000000%</b> | <b>\$140,000,000</b> |
| ALAMEDA               | 1,514,909         | 4.0457575%          | \$5,664,060          |
| ALPINE                | 1,256             | 0.0033543%          | \$4,696              |
| AMADOR                | 38,377            | 0.1024907%          | \$143,487            |
| BUTTE                 | 216,961           | 0.5794220%          | \$811,191            |
| CALAVERAS             | 45,928            | 0.1226566%          | \$171,719            |
| COLUSA                | 21,766            | 0.0581289%          | \$81,380             |
| CONTRA COSTA          | 1,034,874         | 2.7637628%          | \$3,869,268          |
| DEL NORTE             | 29,328            | 0.0783242%          | \$109,654            |
| EL DORADO             | 177,909           | 0.4751286%          | \$665,180            |
| FRESNO                | 909,399           | 2.4286659%          | \$3,400,132          |
| GLENN                 | 28,767            | 0.0768259%          | \$107,556            |
| HUMBOLDT              | 131,361           | 0.3508163%          | \$491,143            |
| IMPERIAL              | 169,888           | 0.4537075%          | \$635,191            |
| INYO                  | 18,327            | 0.0489446%          | \$68,522             |
| KERN                  | 796,331           | 2.1267034%          | \$2,977,385          |
| KINGS                 | 149,758           | 0.3999478%          | \$559,927            |
| LAKE                  | 64,018            | 0.1709682%          | \$239,356            |
| LASSEN                | 36,515            | 0.0975180%          | \$136,525            |
| LOS ANGELES           | 10,292,723        | 27.4880279%         | \$38,483,239         |
| County of Los Angeles | [6,309,221]       | [61.2978763%]       | [\$23,589,408]       |
| City of Los Angeles   | [3,983,502]       | [38.7021236%]       | [\$14,893,831]       |
| MADERA                | 147,201           | 0.3931190%          | \$550,367            |
| MARIN                 | 254,769           | 0.6803931%          | \$952,550            |
| MARIPOSA              | 18,156            | 0.0484879%          | \$67,883             |
| MENDOCINO             | 89,961            | 0.2402523%          | \$336,353            |
| MERCED                | 249,116           | 0.6652960%          | \$931,414            |
| MODOC                 | 9,910             | 0.0264659%          | \$37,052             |
| MONO                  | 13,755            | 0.0367345%          | \$51,428             |
| MONTEREY              | 423,478           | 1.1309519%          | \$1,583,333          |
| NAPA                  | 135,228           | 0.3611436%          | \$505,601            |
| NEVADA                | 99,584            | 0.2659518%          | \$372,332            |
| ORANGE                | 3,083,894         | 8.2359318%          | \$11,530,304         |
| PLACER                | 322,428           | 0.8610850%          | \$1,205,519          |
| PLUMAS                | 21,093            | 0.0563315%          | \$78,864             |
| RIVERSIDE             | 2,004,608         | 5.3535610%          | \$7,494,985          |
| SACRAMENTO            | 1,396,353         | 3.7291386%          | \$5,220,794          |
| SAN BENITO            | 57,534            | 0.1536519%          | \$215,113            |
| SAN BERNARDINO        | 2,016,277         | 5.3847246%          | \$7,538,614          |

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

EXHIBIT B  
Agenda Item No. 5.  
February 21, 2007

**PRELIMINARY**  
**2007 COUNTY FAIR SHARE AMOUNTS FOR**  
**LOCAL ISSUERS OF SINGLE-FAMILY HOUSING PROGRAMS**

|                     | <b>2006</b>       | <b>COUNTY %</b>     | <b>2007</b>          |
|---------------------|-------------------|---------------------|----------------------|
| <b>COUNTY</b>       | <b>COUNTY</b>     | <b>OF STATE</b>     | <b>COUNTY FAIR</b>   |
| <u>COUNTY</u>       | <u>POPULATION</u> | <u>POPULATION</u>   | <u>SHARE AMOUNTS</u> |
| <b>CALIFORNIA</b>   | <b>37,444,385</b> | <b>100.0000000%</b> | <b>\$140,000,000</b> |
| SAN DIEGO           | 3,084,634         | 8.2379080%          | \$11,533,071         |
| City of Oceanside   | [176,999]         | [5.7380836%]        | [\$661,777]          |
| City of San Diego   | [1,320,009]       | [42.7930573%]       | [\$4,935,354]        |
| County of San Diego | [1,587,626]       | [51.4688589%]       | [\$5,935,940]        |
| SAN FRANCISCO       | 802,651           | 2.1435817%          | \$3,001,014          |
| SAN JOAQUIN         | 674,323           | 1.8008655%          | \$2,521,212          |
| SAN LUIS OBISPO     | 263,824           | 0.7045756%          | \$986,406            |
| SAN MATEO           | 729,366           | 1.9478648%          | \$2,727,011          |
| SANTA BARBARA       | 421,656           | 1.1260861%          | \$1,576,520          |
| SANTA CLARA         | 1,791,869         | 4.7854144%          | \$6,699,580          |
| SANTA CRUZ          | 263,385           | 0.7034032%          | \$984,764            |
| SHASTA              | 180,757           | 0.4827346%          | \$675,828            |
| County of Shasta    | [91,027]          | [50.3588724%]       | [\$340,339]          |
| City of Redding     | [89,730]          | [49.6411275%]       | [\$335,489]          |
| SIERRA              | 3,495             | 0.0093338%          | \$13,067             |
| SISKIYOU            | 45,941            | 0.1226913%          | \$171,768            |
| SOLANO              | 423,033           | 1.1297635%          | \$1,581,669          |
| County of Solano    | [325,982]         | [77.0583673%]       | [\$1,218,808]        |
| City of Vacaville   | [97,051]          | [22.9416326%]       | [\$362,861]          |
| SONOMA              | 480,805           | 1.2840510%          | \$1,797,671          |
| STANISLAUS          | 519,276           | 1.3867927%          | \$1,941,510          |
| SUTTER              | 93,142            | 0.2487476%          | \$348,247            |
| TEHAMA              | 61,424            | 0.1640406%          | \$229,657            |
| TRINITY             | 14,196            | 0.0379122%          | \$53,077             |
| TULARE              | 425,600           | 1.1366190%          | \$1,591,267          |
| TUOLUMNE            | 57,347            | 0.1531525%          | \$214,413            |
| VENTURA             | 821,698           | 2.1944492%          | \$3,072,229          |
| YOLO                | 192,285           | 0.5135216%          | \$718,930            |
| YUBA                | 71,938            | 0.1921196%          | \$268,967            |
| <b>TOTALS:</b>      | <b>37,444,385</b> | <b>100.0000000%</b> | <b>\$140,000,000</b> |

For the Single-Family Housing Program, the Committee relies upon population estimates released by the Demographic Research Unit in the Department of Finance, which is designated as the single official source of demographic data for State planning and budgeting. This number differs from the population estimate released by the U.S. Census Bureau which the Committee uses to determine the annual State Ceiling as required by federal statute. The Department of Finance data is used to determine local issuers' fair share because it includes a complete breakdown of California's population by city and county, which the U.S. Census Bureau data does not include.